

## Message Text

UNCLASSIFIED

PAGE 01 KINSHA 07356 041931Z

ACTION OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-08 COME-00 AID-05 IGA-02

L-03 CIAE-00 INR-07 NSAE-00 TRSE-00 /042 W

-----090437 050535Z /73

R 041425Z AUG 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 4993

UNCLAS KINSHASA 7356

PASS OPIC FOR ELLA E. HAWKINS

E.O. 11652: N/A

TAGS:/ EFIN EINV CG

SUBJECT: ARMCO-ZAIRE: REVIEW OF APPLICATION FOR INVESTMENT  
INSURANCE

REF: OPIC MEMO DATED JULY 19, 1977

1. ARCO ZAIRE HAS KEPT EMBASSY FULLY APPRISED OF THE DEVELOPMENT OF ITS INVESTMENT PROJECT IN ZAIRE. EMBASSY FINDS PROJECT AN ECONOMICALLY ACCEPTABLE EFFORT TO PROVIDE A BASIC PRODUCT REQUIRED FOR THE EXPANSION AND MAINTENANCE OF THE TRANSPORTATION AND AGRICULTURAL SECTORS, BOTH OF WHICH ARE GIVEN HIGHEST PRIORITY BY ZAIRIAN GOVT AND INTERNATIONAL DEVELOPMENT LENDERS. PROJECT HAS THE FULL FORMAL APPROVAL OF ZAIRIAN GOVT UNDER THE ZAIRIAN INVESTMENT CODE AND THERE IS NO REASON TO BELIEVE THAT THE PROJECT WILL RAISE ZAIRIAN PUBLIC SENTIMENT ADVERSE TO THE UNITED STATES. WE RECOMMEND APPROVAL.

2. IT SHOULD BE NOTED THAT FIGURES GIVEN IN THE LOAN APPLICATION FOR EXPORT EARNINGS ARE HYPOTHETICAL. ALTHOUGH EXPORTS OF ANY PRODUCT MADE IN KINSHASA TO THE CONGO AND THE C.A.E. ARE THEORETICALLY ECONOMIC, BECAUSE OF THE PROXIMITY AND EASE OF TRANSPORTING THE PRODUCTS BY RIVER, IT MAY BE SEVERAL YEARS BEFOE ARMCO ZAIRE PRODUCTS WILL BE COST COMPETITIVE OUTSIDE  
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OF ZAIRE.

3. WHILE EMBASSY BELIEVES THAT THE GOVERNMENT OF ZAIRE WILL HONOR THE CONVERTIBILITY OF EARNINGS AND CAPITAL AS SOON AS THE FOREIGN EXCHANGE TO DO SO IS AVAILABLE, IT IS NOT YET POSSIBLE TO SAY WHEN CONVERSION WILL RESUME. EMBASSY UNDERSTANDS THAT IN MAKING THIS INVESTMENT ARMCO RECOGNIZES THAT

THE COUNTRY'S ECONOMIC RECOVERY MAY TAKE SOME TIME, AND HAS  
MADE PRELIMINARY PLANS TO ARRANGE COMPENSATION FOR OTHERWISE  
UNCONVERTED EARNINGS IN THE FORM OF MINERALS WHICH IT  
REQUIRES FOR ITS OTHER OPERATIONS.

4. PLEASE CLARIFY WHETHER PROJECT APPROVAL DOCUMENT REQUESTED  
IN FINAL PARAGRAPH OF REFERENCED MEMO MUST BE SUPPLIED IN  
ORIGINAL OR WHETHER NOTARIZED COPY OF ORIGINAL IS ACCEPTABLE.  
FIRM RELUCTANT TO GIVE UP ORIGINAL.  
CUTLER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSURANCE, INVESTMENTS  
**Control Number:** n/a  
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**Disposition Approved on Date:**  
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**TAGS:** EFIN, EINV, CG, ARMCO-ZAIRE  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009